

# **The 2014 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits**

Updated February 12, 2014

**Congressional Research Service**

<https://crsreports.congress.gov>

R42591

## Summary

The Agricultural Act of 2014 (“the 2014 farm bill”) was enacted on February 7, 2014. Included in the law’s reauthorization of the Supplemental Nutrition Assistance Program (SNAP) is a change to how Low Income Home Energy Assistance Program (LIHEAP) payments are treated in the calculation of SNAP benefits. This change is expected to reduce some households’ monthly benefit amounts, particularly households in states that have adopted the so-called “Heat and Eat” practice, where states leverage a nominal LIHEAP benefit into a larger SNAP benefit. The Congressional Budget Office (CBO) estimated that this change will reduce SNAP spending by approximately \$8.6 billion over the 10-year budget window of FY2014-FY2023. Based on CBO’s May 2013 baseline, this is approximately a 1% reduction in forecasted program spending over the 10-year period.

SNAP law provides for both eligibility rules and, for eligible households, benefit calculation rules. The SNAP statute allows for certain deductions from income when calculating a household’s monthly benefit amount; one of these deductions is the “excess shelter deduction,” which incorporates utility costs. If a family incurs heating and/or cooling expenses, this deduction from income can be higher than for households not incurring these expenses, allowing for a higher SNAP benefit for the household. One way households can document heating and cooling expenses is by showing receipt of LIHEAP assistance. Under prior law, any amount of LIHEAP assistance could increase benefit amounts; under the 2014 farm bill change, LIHEAP assistance will have to be greater than \$20 per year in order to be included in a household’s benefit calculation.

In SNAP benefit calculation, a LIHEAP payment documents that the household has incurred heating and cooling costs. This documentation triggers a standard utility allowance (SUA), a figure intended to represent typical state-specific utility costs, which enters into the SNAP benefit calculation equation. (Most states use an SUA, but some opt not to and use only actual utility costs.) Unless the household is receiving the maximum SNAP benefit already, a household’s monthly benefit can increase if the inclusion of an SUA results in an excess shelter deduction. Proof of heating or cooling expenses will trigger a higher SUA than proof of only telephone or water expenses. The higher SUA then gets factored into the calculation of a household’s excess shelter deduction. In many cases, the higher the excess shelter deduction, the higher the monthly SNAP benefit will be.

The 2014 farm bill’s change is expected to impact the “Heat and Eat” practice. Approximately 16 states provide nominal LIHEAP benefits through a “Heat and Eat” practice. “Heat and Eat” is a phrase that the low-income and anti-hunger advocacy community has used to describe state and program policies that leverage nominal (as little as 10 cents) LIHEAP payments into an increase in households’ SNAP benefits that is larger than the initial LIHEAP payment. Also, a 17<sup>th</sup> state allows SNAP applicants to benefit from an SUA if the household applies for LIHEAP. Thus, the farm bill is expected to change 17 states’ administration of SNAP and is expected to reduce some households’ benefit amounts.

The 2014 farm bill’s change in the law will require more than \$20 a year in LIHEAP assistance in order to trigger the potential increase in benefits. The exact implementation timeline, details, and share of households affected will depend upon the U.S. Department of Agriculture Food and Nutrition Service’s (USDA-FNS) interpretation and implementation of the policy, the options states choose in their implementation, and the share of households that will be able to document their heating and cooling expenses in other ways.

Congress's final decision to change the law came after the passage of related proposals in both the House and the Senate. The 113<sup>th</sup> Congress's Senate-passed farm bill (S. 954) would have set a \$10 threshold for LIHEAP payments to confer this potential advantage. The House-passed farm bill (H.R. 2642 combined with H.R. 3102) included the \$20 threshold.

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## Introduction

After over two years of deliberations, spanning the 112<sup>th</sup> and 113<sup>th</sup> Congresses, the Agricultural Act of 2014 (the “2014 farm bill”) was enacted on February 7, 2014. Within this omnibus reauthorization of dozens of agricultural and nutrition statutes, the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) was reauthorized. While the reauthorization maintained the vast majority of prior law eligibility and benefit calculation policies, the new law does change the impact of the Low Income Home Energy Assistance Program (LIHEAP) in the calculation of SNAP monthly benefit amounts.

Under prior law, SNAP recipients who also receive benefits from LIHEAP may have received increased SNAP benefits, no matter the amount of LIHEAP received. Under the 2014 farm bill, LIHEAP can only impact a household’s benefit if a household receives more than \$20 a year. This policy contained in the farm bill conference agreement follows similar changes in the Senate- and House-passed bills, with the Senate passing a \$10 threshold and the House passing a \$20 threshold.<sup>1</sup>

Because SNAP benefits are 100% federally funded and because SNAP is an open-ended entitlement, policy changes to benefit amounts or eligibility can generate substantial changes in spending. The Congressional Budget Office (CBO) estimated that this LIHEAP-related change included in the 2014 farm bill would reduce SNAP spending by approximately \$8.6 billion over the 10-year budget window of FY2014-FY2023.<sup>2</sup> (Although this change is similar to the House-passed proposal, it is estimated to impact spending slightly less due to the timing of implementation.)<sup>3</sup>

Throughout the formulation of the new farm bill, reauthorization proposals focused on deficit reduction as well as agricultural program reforms.<sup>4</sup> At issue throughout the process was whether and/or to what extent a reauthorization of SNAP should reduce program spending, affect eligibility, or affect benefit amounts.<sup>5</sup>

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<sup>1</sup> In the 113<sup>th</sup> Congress, Section 4002 of S. 954 (Agriculture Reform, Food, and Jobs Act of 2013), and Section 107 of H.R. 3102 (Nutrition Reform and Work Opportunity Act of 2013), contained similar proposals that would have limited this relationship. In the 113<sup>th</sup> Congress, bills were also introduced that would entirely end the benefit calculation relationship between LIHEAP and SNAP. These include S. 458/H.R. 1510 and S. 762 /H.R. 1657. Under these proposals, presentation of LIHEAP documentation during the SNAP application process would not trigger the inclusion of a Standard Utility Allowance in the benefit calculation process. This would be a broader change than those proposed in S. 954 and H.R. 3102, and it would affect more households. CBO estimated that Section 2 of S. 458 would save \$12 billion over 10 years (<http://cbo.gov/publication/43980>, March 8, 2013).

<sup>2</sup> Congressional Budget Office, *Cost Estimate: H.R. 2642: Agricultural Act of 2014*, January 28, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2642LucasLtr.pdf>.

<sup>3</sup> CBO estimated the change included in House-passed H.R. 3102 would have resulted in savings of \$8.7 billion over the same 10-year period. Congressional Budget Office, *Cost Estimate: Nutrition Reform and Work Opportunity Act of 2013*, September 16, 2013, <http://cbo.gov/sites/default/files/cbofiles/attachments/HR3102.pdf>. CBO estimated that the policy change in S. 954, as passed by the Senate, would have garnered savings of \$4.1 billion over 10 years (FY2014-FY2023), Congressional Budget Office, *Cost Estimate: Agriculture Reform, Food, and Jobs Act of 2013*, May 17, 2013, [http://www.cbo.gov/sites/default/files/cbofiles/attachments/s954\\_StabenowLtr.pdf](http://www.cbo.gov/sites/default/files/cbofiles/attachments/s954_StabenowLtr.pdf).

<sup>4</sup> See, for example, Markup: Agriculture Reform, Food and Jobs Act of 2013, *Opening Statement of Chairwoman Debbie Stabenow (D-Mich)*, May 14, 2013, <http://www.ag.senate.gov/download/?id=015677cc-dc6c-4730-b588-1ca399a863d0>.

<sup>5</sup> See CRS Report R43332, *Reauthorization of SNAP and Other Nutrition Programs in the Next Farm Bill: Issues for the 113<sup>th</sup> Congress*, by Randy Alison Aussenberg for SNAP and related programs’ issues facing Congress.

Supporters of the changes to LIHEAP's treatment in SNAP have framed it as a policy to improve SNAP integrity, assuring that LIHEAP is treated uniformly across all states and according to congressional intent.<sup>6</sup> Detractors argue that ending the so-called "Heat and Eat" practice reduces benefits for those in need.

In addition to the significance of this provision for the farm bill's cost estimate, the newly enacted policy is complex, and it can be difficult to untangle how the farm bill change would work and which states and households may be affected. This report provides prior law background on the benefit amount interactions between SNAP and LIHEAP, an explanation of the 2014 farm bill change, as well as the potential impact of this change on households and states' administration of SNAP.<sup>7</sup>

For further information on the farm bill and SNAP in general, please see

CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*, coordinated by Ralph M. Chite

CRS Report R43332, *Reauthorization of SNAP and Other Nutrition Programs in the Next Farm Bill: Issues for the 113<sup>th</sup> Congress*, by Randy Alison Aussenberg

CRS Report R42353, *Domestic Food Assistance: Summary of Programs*

CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*

## **SNAP Benefit Calculation, Prior Law, and the 2014 Farm Bill**

### **Brief Overview of SNAP Benefit Calculation<sup>8</sup>**

SNAP benefits are a function of a household's size, its net (counted) monthly income, and inflation-indexed maximum monthly benefit levels (in some cases, adjusted for geographic location). An eligible household's net income is determined (i.e., the deductions noted earlier for judging eligibility are subtracted from gross income), its maximum benefit level is established, and a benefit is calculated by subtracting its expected contribution (by law, 30% of its net income) from its maximum allotment. This equation is illustrated in the first row of **Figure 1**.

The calculation for a hypothetical three-person household in the 48 states with a net income of \$400 is shown in the second row of **Figure 1**. The current FY2014 maximum three-person benefit in the 48 states (and DC) is \$497. Subtract from that maximum benefit, 30% of the household's

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<sup>6</sup> See, for example, Senator Stabenow, "Agriculture Reform, Food, and Jobs Act," Senate debate, *Congressional Record*, June 19, 2012, p. S4278 ("In a handful of States, they have found a way to increase the SNAP benefits for people in their States by sending \$1 checks in heating assistance to everyone who gets food assistance. Now, it is important to consider what a family's heating bill is when determining how much help they need, which is why the two programs are linked. But sending out \$1 checks to everyone is not the intent of Congress. For the small number of States that are doing that, it is undermining the integrity of the program, in my judgment. I appreciate we have turned down those amendments that would, in fact, change this structure and lower benefits. But this is about accountability and integrity within the program, and I must oppose the amendment [striking Section 4002]."). Senator Roberts, "Agriculture Reform, Food, and Jobs Act," Senate debate, *Congressional Record*, June 19, 2012, p. S4278 ("... closing the LIHEAP loophole.").

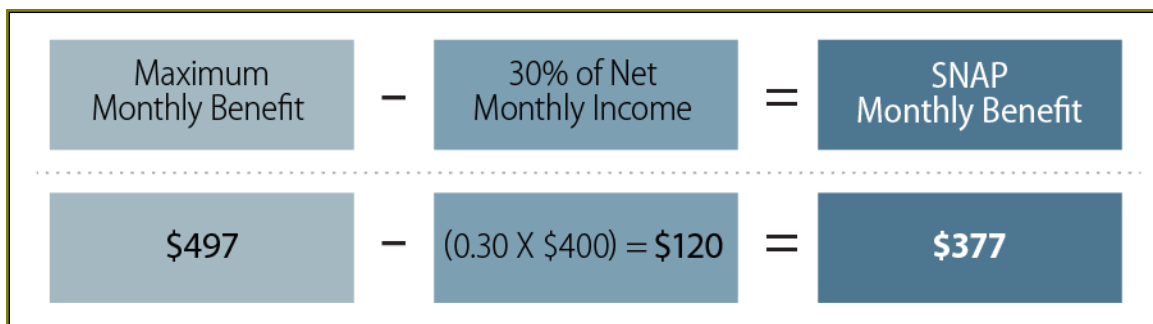
<sup>7</sup> Please note that the District of Columbia (DC), Guam, and the Virgin Islands also operate SNAP. This report consistently uses terms like "states" and "state agencies" with the assumption that such phrases include Guam, DC, and the Virgin Islands in the context of SNAP.

<sup>8</sup> Please see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by Randy Alison Aussenberg for greater discussion of these and other basic SNAP concepts.

net income. Thus, a three-person household in one of the 48 states with \$400 in counted net income (after deductions) would receive a monthly allotment of \$377 in FY2014. A three-person household with no counted/net income would receive the maximum monthly benefit.

**Figure 1. Calculating the Monthly Benefit for a Hypothetical Household in FY2014**

This illustration depicts a three-person household in the 48 states (and DC) with net income of \$400



**Source:** Figure by CRS, based on benefit calculation rules. Design by Amber Wilhelm, CRS Graphics Specialist.

### LIHEAP's Role in SNAP Deductions and Benefit Calculation

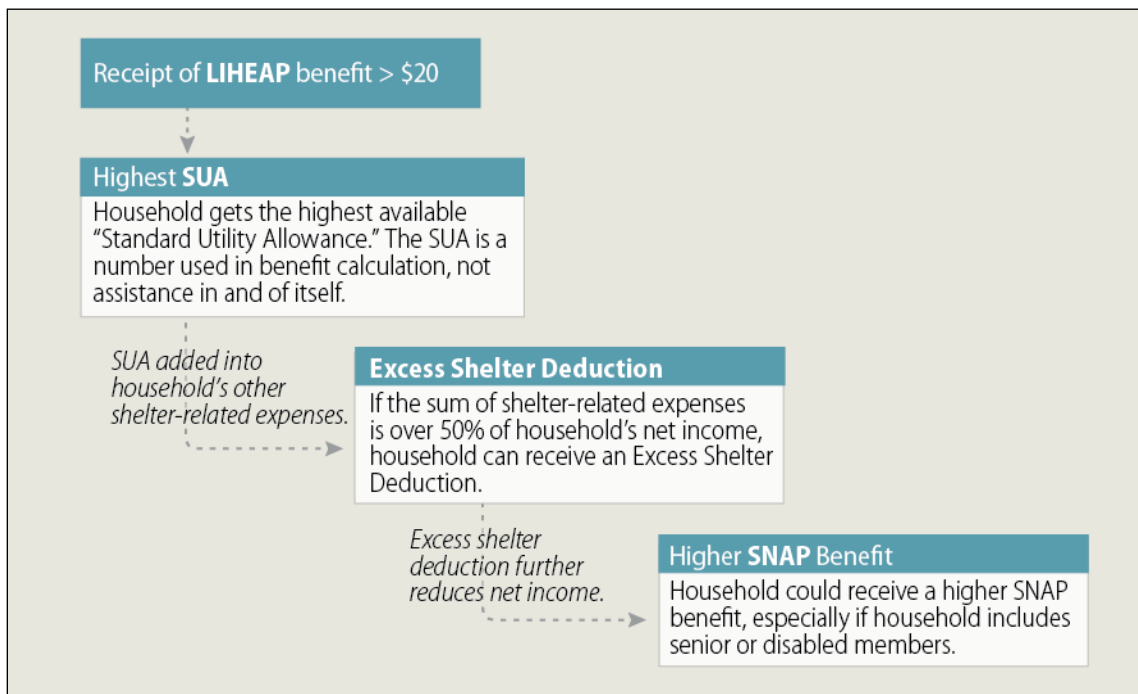
In most states, SNAP programs can use LIHEAP payments as proof that households have incurred heating and cooling costs. Under prior law, if a SNAP household received a LIHEAP payment in *any amount*, then that household could receive a higher SNAP benefit than if the household had not received LIHEAP (assuming they did not document heating and cooling costs in some other way).<sup>9</sup> Under the 2014 farm bill, using LIHEAP to document heating and cooling costs is limited to payments of more than \$20.

**Figure 2** depicts an overview of LIHEAP's role in the SNAP benefit calculation, namely that receiving such energy assistance can result in a larger monthly SNAP benefit. Under the 2014 farm bill's change, it will take greater than \$20 in assistance for LIHEAP to have any impact. The discussion after **Figure 2** elaborates on the definitions of various deductions used in calculating SNAP benefits, potentially including LIHEAP receipt, and how they interact in the benefit calculation process.

<sup>9</sup> For more information about LIHEAP, please see CRS Report RL31865, *LIHEAP: Program and Funding*, by Libby Perl.

## Figure 2. LIHEAP's Impact in the SNAP Benefit Calculation Process

Under the new law, LIHEAP benefits would have to be greater than \$20 to convey this benefit increase.



**Source:** Figure generated by CRS, based on SNAP law (P.L. 113-79).

**Notes:** This figure focuses on the excess shelter deduction, which is conducted after the deduction of other non-shelter deductible expenses such as the standard deduction, dependent care, and earned income.

As shown earlier in **Figure 1**, the amount of SNAP benefits that an eligible household receives is based, in part, on the maximum benefit and also in part on the household's net income. The SNAP agency computes net monthly income by subtracting certain "deductions" from a household's basic (or gross) monthly income. This calculation is based on the recognition that not all of a household's income is available for food purchases. Thus, a standard portion of income, plus amounts that represent costs such as dependent care expenses or high non-food living expenses, are deducted from the gross income.

For households *without* an elderly or disabled member, net monthly income equals gross monthly income minus the following deductions,<sup>10</sup> if applicable:

- **Standard deduction:** A "standard" monthly deduction that varies by household size and is indexed for inflation. Every applicant household gets this deduction;
- **Earned income deduction:** 20% of any earned income, in recognition of taxes and work expenses;
- **Child support deduction:** Any amounts paid out as legally obligated child support;

<sup>10</sup> Tables that list the FY2012 amounts of the standard deduction (and other deduction amounts set in the Food and Nutrition Act) can be found in CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by Randy Alison Aussenberg.



- **Dependent care deduction:** Out-of-pocket dependent care expenses, when related to work or training;<sup>11</sup> and
- **Excess shelter deduction:** The amount of shelter expenses (including utility costs, which states may standardize with a “standard utility allowance” (SUA) figure representing average state costs) that exceed 50% of net income after all other deductions. This deduction is *capped* for households that do not contain an elderly or disabled member.
  - **2014 FARM BILL NOTE:** Under prior law, households that receive LIHEAP could automatically qualify for a higher SUA, *no matter the amount of LIHEAP received*. The higher SUA is based on the assumption that households incur expenses for heating and cooling. Under the 2014 farm bill, without receipt of LIHEAP over \$20 per year, households must document heating/cooling expenses another way or risk a reduction from what their benefit amount had been.

For households *with* an elderly or disabled member, net monthly income equals gross monthly income minus:

- The same **standard, child support, earned income, and dependent care** deductions noted above;
- Any out-of-pocket **medical expenses** (other than those for special diets) that are incurred by an elderly or disabled household member, to the extent they exceed a threshold of \$35 a month; and
- An *uncapped* **excess shelter deduction**, to the extent such expenses exceed 50% of counted income after all other deductions;
  - **2014 FARM BILL NOTE:** Because the excess shelter deduction is uncapped for households with elderly or disabled members, the change to LIHEAP in SNAP benefit calculation has the potential to make a larger difference for these households.

In understanding the role of LIHEAP in benefit calculation, it is key to note that a standard utility allowance (SUA) is not something tangible; instead, it is a number that states use in place of gathering all of an applicant’s utility cost and usage information. The methodology and the amounts of an SUA vary by state, and many states have several different utility allowances based upon whether a household incurs heating/cooling costs or not. An SUA often “tips the scale” toward enabling an applicant household to qualify for an excess shelter deduction, which in many cases will result in an increased monthly benefit.

## **Background on LIHEAP**

LIHEAP is a formula grant program under which the federal government gives annual grants to states, tribes, and territories (collectively referred to in this report as “states”) to operate home energy assistance programs for low-income households.<sup>12</sup> States may use funds to help eligible households pay for heating and cooling costs, for crisis assistance, and to weatherize their

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<sup>11</sup> Limits on SNAP deductions for dependent care were lifted under the 2008 farm bill (P.L. 110-246).

<sup>12</sup> LIHEAP is codified at 42 U.S.C. §§8621-8630.

homes.<sup>13</sup> Both renters and homeowners are eligible for LIHEAP.<sup>14</sup> Federal LIHEAP requirements are minimal and leave most important program decisions to the states, including eligibility guidelines, types of assistance provided, and benefit levels.<sup>15</sup>

- **Regarding eligibility**, states may set maximum LIHEAP eligibility for households up to 150% of the federal poverty income guidelines (or, if greater, 60% of the state median income), but they may not go below 110% of the poverty guidelines.<sup>16</sup> States may also choose to make eligible for LIHEAP assistance any household of which at least one member is a recipient of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), *benefits through the Supplemental Nutrition Assistance Program (SNAP)*, or certain needs-tested veterans' programs.<sup>17</sup>
- **In terms of benefits**, states decide the types of assistance that households receive and the amount. For example, while all states provide heating assistance, only a portion of states provide assistance for cooling. The amount of benefits also varies; in FY2008, the most recent year for which information is available from the Department of Health and Human Services (HHS), the average annual LIHEAP benefit for heating assistance was \$293 with a range from \$73 to \$1,172.<sup>18</sup> HHS does not have data indicating the number of households receiving payments at or below \$20.

Unlike SNAP, LIHEAP is not an open-ended entitlement, and funding is not sufficient to assist every household that is eligible for the program. In FY2009, 7.4 million households received heating and/or winter crisis assistance and 900,000 received cooling assistance.<sup>19</sup> The number of households assisted may now be lower. FY2009 was a year in which states received a total of \$5.1 billion for LIHEAP, compared to about \$3.4 billion in FY2014.

## What is “Heat and Eat”?

“Heat and Eat” is a phrase that the low-income and hunger advocacy community has used to describe state and program policies that leverage nominal (as low as 10 cents) LIHEAP payments into an increase in households' SNAP benefits that is larger than the initial LIHEAP payment.<sup>20</sup> In June 2012, the U.S. Department of Agriculture's Food and Nutrition Service (USDA-FNS)

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<sup>13</sup> 42 U.S.C. §8624(b)(1).

<sup>14</sup> 42 U.S.C. §8624(b)(8).

<sup>15</sup> The LIHEAP Clearinghouse, a website administered by the National Center for Appropriate Technology through a contract with the Department of Health and Human Services, contains a good deal of information about how states operate their programs. See <http://www.liheap.ncat.org/>.

<sup>16</sup> 42 U.S.C. §8624(b)(2).

<sup>17</sup> Ibid.

<sup>18</sup> U.S. Department of Health and Human Services, *FY2008 LIHEAP Report to Congress*, September 6, 2011, p. 36, <http://www.acf.hhs.gov/programs/ocs/liheap/publications/liheap08rc.pdf>.

<sup>19</sup> There is likely some overlap in these numbers, and HHS does not de-duplicate. U.S. Department of Health and Human Services, Administration for Children and Families, *LIHEAP Home Energy Notebook for Fiscal Year 2009*, September 2011, pp. 30-31.

<sup>20</sup> See, for example, Food Research and Action Center, *Heat and Eat: Using Federal Nutrition Programs to Soften Low-Income Households' Food/Fuel Dilemma*, March 2009, [http://frac.org/newsite/wp-content/uploads/2009/09/heat\\_and\\_eat09.pdf](http://frac.org/newsite/wp-content/uploads/2009/09/heat_and_eat09.pdf). See also, “SNAP cuts = Cuts in Meals for Americans Struggling to Heat and Eat,” [http://frac.org/pdf/snap\\_cuts\\_and\\_heat\\_and\\_eat.pdf](http://frac.org/pdf/snap_cuts_and_heat_and_eat.pdf); and California Food Policy Advocates “Heat and Eat” related documents at <http://cfpa.net/ab6>.

surveyed states and determined that 16 states (including the District of Columbia) had implemented or would soon implement “Heat and Eat,” and one state provided the standard utility allowance based on LIHEAP application (see **Text Box**, below).

Part of the rationale for the nominal LIHEAP benefits (vs. more substantive benefits) is that LIHEAP is not an entitlement, and states may not be able to assist every household that is eligible for the program, particularly because the statute requires that states prioritize “households with the highest home energy costs or needs in relation to household income.”<sup>21</sup> On the other hand, SNAP is open-ended and the benefits are financed 100% by the federal government, so “Heat and Eat” policies are a net gain for states in times of limited state and LIHEAP resources. Providing increased food assistance would then appear to free up more income for other household expenses.

#### **Is Your State a “Heat and Eat” State?**

According to a June 2012 survey by USDA-FNS, there were 16 “Heat and Eat” states and a 17<sup>th</sup> state that did not transmit nominal payments but would be affected by proposals aimed at “Heat and Eat” states.

The 16 “Heat and Eat” states are **California** (which passed a law to implement the practice in October 2011 and implemented it on January 1, 2013), **Connecticut**, **Delaware** (although no nominal payment was issued in FY2012), **District of Columbia**, **Maine**, **Massachusetts**, **Michigan**, **Montana** (issues a \$50 payment every five years to those living in subsidized housing with utilities included), **New Jersey**, **New York**, **Oregon**, **Pennsylvania**, **Rhode Island**, **Vermont**, **Washington**, and **Wisconsin**.

A 17<sup>th</sup> state, **New Hampshire**, did not distribute nominal LIHEAP payments but did allow an application for LIHEAP to qualify the household for the Standard Utility Allowance (which can result in a higher SNAP benefit).

#### ***Are Recipients of These Nominal Payments Ineligible for LIHEAP?***

If states adhere to LIHEAP law, then only households that are eligible for LIHEAP qualify for LIHEAP benefits. This involves two determinations: (1) household eligibility based on income or enrollment in another means-tested program (including SNAP), referred to as categorical eligibility and (2) use of LIHEAP funds for a statutory purpose.

Regarding the first determination, there are no separate eligibility criteria for recipients of nominal LIHEAP benefits. Therefore, a household would not receive LIHEAP benefits unless they are eligible for the program based on income or categorical eligibility. In states that use receipt of SNAP to determine eligibility, SNAP participants are eligible for LIHEAP. Otherwise, households would have to meet LIHEAP income eligibility requirements.

Regarding the second determination, the LIHEAP statute provides that states may use LIHEAP funds to provide direct assistance to households in several ways: to help meet “home energy costs” (defined as heating or cooling), to assist in energy crisis situations, for home weatherization, or for services to reduce the need for energy assistance such as needs assessment or counseling on how to reduce energy consumption. CRS is not aware of the way in which states with nominal LIHEAP payments determine whether households have need of LIHEAP for the statutory purposes. Payments to households that are not provided for one of these purposes could be inappropriate.

<sup>21</sup> 42 U.S.C. §8624(b)(2).

## Potential Implementation and Impact of This Change

At this juncture, much is unknown about the implementation and impact of this change; much will depend on USDA-FNS and states' implementation. However, there are some things that can be said based on SNAP benefit calculation rules and other available information. First, this change is expected to affect some households' SNAP benefit amounts, but it will not affect households' eligibility for SNAP benefits. Second, this change is expected to affect states that have implemented "Heat and Eat" policies. Third, within the provisions of the new law, however, states and households may have some options to reduce the impact of this change.

### Will This Change Affect Households' Eligibility for SNAP Benefits?

As noted above, subject to USDA-FNS's implementation of the new law, it is not expected that this change will affect households' *eligibility* for benefits. In other words, if nothing else changed in a household's economic profile, but they had received a 10-cent LIHEAP payment, the household's benefit might be reduced when the household reapplies, though the household would not stop receiving SNAP. This is the case because the excess shelter deduction—for which LIHEAP plays a role—is calculated after eligibility has been determined.

### When Will States Reduce Affected Households' Benefits?

Three aspects of "when" are specified in the text of the legislation (Section 4006 of P.L. 113-79):

1. **Provision takes effect 30 days after enactment:** The law says that the amendments in Section 4006 take effect 30 days after enactment of the law. The law was enacted on February 7, 2014. However, this must be read in conjunction with two other aspects of the law.
2. **Provision applies to certification periods after the effective date:** SNAP households are certified to receive benefits for a period of time, and have to follow state rules for reporting changes, such as changes in household income or size of the household. The period of certification is based on state choices within a federal framework.<sup>22</sup> The new law indicates that when a new SNAP household applies for benefits, if that is 30 days after the law's enactment, the benefits will be calculated based on the \$20 threshold rule, but for households already receiving SNAP it will be only when they apply to recertify that their benefit calculation will be subject to the \$20 rule. This recertification scenario, though, is subject to a state's decision to delay implementation.
3. **States have the option to delay implementation for current recipients:** The law gives states the option to delay implementation or reduce its impact for as long as five months after the law takes effect. The specifics of this state option—how USDA-

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<sup>22</sup> Section 3(f) (7 U.S.C. 2012(f)) defines certification period: "'Certification period' means the period for which households shall be eligible to receive benefits. The certification period shall not exceed 12 months, except that the certification period may be up to 24 months if all adult household members are elderly or disabled...." See also SNAP State Options Report, August 2012, [http://www.fns.usda.gov/snap/rules/Memo/Support/State\\_Options/10-State\\_Options.pdf](http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/10-State_Options.pdf), p. 3.

FNS will implement it and how the states will implement it—are not known at this time.

Taken together, this means that for *new SNAP applicants*, the new rules should take effect 30 days after February 7, 2014. However, for *current SNAP recipients*, the exact date that they are subject to the new rules (and possible benefit reduction) will depend both on (1) when their current certification period ends, and (2) whether and how their state delays implementation.

## **Can States or Households Prevent This Change in Law from Reducing Benefit Amounts?**

In addition to the option to delay implementation, a state continues to have the option to issue LIHEAP payments greater than \$20. Because of the budgetary constraints associated with LIHEAP funds, it seems unlikely that a state would give more than \$20 to every household that had been receiving less than \$20, but it is an option that is open to states.

If a household can document heating or cooling costs in another way, then the higher SUA can continue to be included in the household's excess shelter deduction even if the household does not receive more than \$20 of LIHEAP assistance. Applicants would have to be aware of the need to present utility bills or other documentation.

## **How Many Will Be Affected, By How Much?**

In their cost estimate of the conference agreement, CBO did not release estimates of the number of SNAP-recipient households that would be affected by Section 4006 of the Agricultural Act of 2014. In September 2013, CBO estimated that the House-passed \$20-threshold provision in H.R. 3102 would result in 850,000 SNAP-recipient households receiving benefits reduced by an average of \$90 per household per month; however, due to later implementation timing of the new law it is expected that fewer will be affected than forecasted in H.R. 3102.<sup>23</sup>

A policy change could result in a reduction of benefits for some households that either currently receive the excess shelter deduction or receive a *higher* excess shelter deduction due to LIHEAP payments that are lower than the \$20 threshold. The total number will also depend on whether households are able to document their utility costs in other ways.

## **Other Impacts for Program Administration**

Modifying the treatment of LIHEAP in SNAP might create changes in the program application process, but it is difficult to know just what these might be. The “Heat and Eat” states would appear to no longer have any reason to issue LIHEAP payments below the enacted threshold requirement of \$20 to SNAP participants, since such sums would neither substantially assist with utility costs nor generate larger SNAP benefits. In addition, compared to a \$1 payment, a payment greater than \$20 to multiple recipients could strain state LIHEAP budgets.

Further, advocates contend that presenting LIHEAP documentation is an administrative simplification that ensures that eligible households are getting all of the deductions—or at least credit for all the deductions—that such households are due, especially in “Heat and Eat” states where the LIHEAP payment may be communicated to SNAP computer systems through a data

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<sup>23</sup> *Cost Estimate: Nutrition Reform and Work Opportunity Act of 2013* (September 16, 2013).

-matching process.<sup>24</sup> In the absence of the “Heat and Eat” practice, states could institute other systems or practices to ensure that households are getting all of the deductions for which they qualify.

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## Acknowledgments

The authors would like to thank Gene Falk, Specialist in Social Policy, and Amber Wilhelm, Graphics Specialist, for their assistance with this report.

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<sup>24</sup> Food Research and Action Center, *Heat and Eat: Using Federal Nutrition Programs to Soften Low-Income Households’ Food/Fuel Dilemma*, March 2009, [http://frac.org/newsite/wp-content/uploads/2009/09/heat\\_and\\_eat09.pdf](http://frac.org/newsite/wp-content/uploads/2009/09/heat_and_eat09.pdf), p. 11 (“even if this [heating and cooling cost] information is reported, advocates report many SNAP/Food Stamp workers are too busy to record the information in the case record. By providing this special LIHEAP-funded benefit through an automated data exchange and direct mailing, states like Massachusetts have been able to apply the heating/cooling SUA to increase the SNAP/Food Stamp benefit for thousands of needy households.”).